

**FASHIONBOSS LLC**  
**Seed Round Financing Term Sheet**  
**Draft, 7-06-13**

**Issuer:** FASHIONBOSS LLC, a Florida limited liability company (the "Company"), formed to operate Fashionboss.com, an online education and community platform where future and current fashion entrepreneurs can find resources, opportunities and connect.

**Investor:** Lawrence Salameno, either personally and/or through Penny Black LLC or an entity controlled by him or it.

**Class of Security:** Seed Round Preferred Membership Units ("Seed Round Preferred Units").

**Price Per Seed Round Preferred Unit:** \$10 per Seed Round Preferred Unit.

**Amount of Investment:** **\$500,000** (50,000 total Seed Round Preferred Units, or alternatively 33% of the Company and one (1) board of director seat.). Capital will be disbursed in milestones and investor will draw shares pro rata on capital issued.

**Closings:** An initial closing for 5,000 Seed Round Preferred Units (\$50,000 investment) will be held as soon as a definitive subscription agreement and operating agreement is finalized and executed. Additional closings and issuances of up to 45,000 additional Seed Round Preferred Units will occur upon the satisfaction of certain mutually agreed milestones and payment by the Investor for such additional Seed Round Preferred Units. The proposed scheduled milestones are for illustrative and discussion purposes, and can be aggregated or further defined.

**Schedule:** Proposed Schedule of Phases and Funds Needed

1. Sept. 1- Website commencement	\$50,000
3. Nov. 1- Website Phase 2 and 3	\$40,000
	\$410,000

**Use of Proceeds:** Working capital needs, including: strategy, design and development of the Company's website, mobile platform and hosting, and product experience; content research and development of curriculum; editing and publishing; legal, general and administrative expenses.

**Allocation Total Shares:**

Total Authorized Shares:	150,000 Shares
Valuation:	\$1,500,000
Founder (Brittany Rawlings):	100,000 Common Membership Units ("Common Units")
Investor:	Up to 50,000 Seed Round Preferred Units

**Issuance of Shares:** Investor will draw up to 50,000 shares pro rata on capital issued. Valuation of shares shall increase overtime.

**Liquidation:** Seed Round Preferred Unit liquidation preference equal to purchase price; balance of proceeds paid pro rata to Common Units and Seed Round Preferred Units on as converted basis.

# SMARTBOSS INC.

## TERMS FOR ISSUANCE OF SERIES SEED PREFERRED STOCK

June 10, 2016

The following is a summary of the principal terms of the proposed Series Seed Preferred Stock financing of SmartBoss Inc. This Summary of Terms constitutes a legally binding obligation of the parties, and will be superseded by definitive agreements to be negotiated and executed by the parties.

Issuer:	SmartBoss Inc., a Delaware corporation (the “ <i>Company</i> ”), formed to operate smartboss.com, an AI software and management platform where entrepreneurs and freelancers can benefit from a software that thinks and acts like an executive team (the “ <i>Businesss</i> ”).		
Securities:	Shares of Series Seed Preferred Stock of the Company (the “ <i>Series Seed Shares</i> ”).		
Aggregate Proceeds:	\$500,000 in aggregate, previously provided by the Investor to Brittany Rawlings (the “ <i>Founder</i> ”) as loans (\$260,000) and investment (\$240,000) in connection with the development of the Business in FashionBoss, LLC (the “ <i>Predecessor</i> ”). Previous loans <u>and investment</u> to be converted into Series Seed Shares as provided herein.		
Investor:	Lawrence Salameno and/or his designee (the “ <i>Investor</i> ”).		
Price Per Share:	Price per share (the “ <i>Original Issue Price</i> ”) to be based on the Investor obtaining 24% of the fully diluted capital of the Company.		
Founder’s Contributions:	Contribution of all know how and intellectual property related to the Business owned by the Founder and by Predecessor.		
Use of Proceeds:	Working capital needs, including salaries, R&D, rent, sales, legal.		
Capitalization (fully diluted, as converted basis):	Founder – Common Stock (“ <i>Common</i> ”):	66%	
	Stock Option/Equity Incentive Compensation Pool (reserved):	10%	
	Investor – Series Seed Shares (on an as converted basis):	24%	
Initial Closing:	Effective upon the preparation and execution of definitive documentation drafted by counsel to the Company to reflect the terms set forth herein, including filing of an Amended and Restated Certificate of Incorporation of the Company providing for the authorization of the Series Seed Shares.		
Liquidation Preference:	Greater of (x) one times the Original Issue Price (an aggregate of \$500,000) plus declared but unpaid dividends on Series Seed Shares, with balance of proceeds paid to Common or (y) such amount per share as would have been payable had all shares of Series Seed Preferred been converted into Common immediately prior to the event deemed to be a liquidation. A merger, reorganization or similar transaction will be treated as a liquidation.		
Conversion:	Convertible into one share of Common at any time at the option of the holder, subject to proportional adjustments for stock splits, stock dividends and the like, as well as the anti-dilution adjustments set forth below.		

Anti-Dilution Adjustments:	For the next \$1.5 million in equity or convertible debt raised (the “ <i>\$1.5 Million Round</i> ”), the conversion ratio will be adjusted so that the Series Seed Shares, on an as converted basis, will continue to represent 24% of the fully diluted equity capitalization of the Company. Thereafter, for a period (the “ <i>Subsequent Period</i> ”) equal to the shorter of (x) one year following the closing of the \$1.5 Million Round or (y) the Company’s raising of an aggregate of \$5 million in additional equity or convertible debt, the Series Seed Preferred Shares will be diluted pro rata, on an as converted basis, with the shares of Common as a result of the issuances of equity or convertible debt securities, provided that in the event of any such issuances, the conversion ratio will be further revised to provide that the Series Seed Shares will represent no less than 20% of the fully diluted equity capitalization of the Company. Following the Subsequent Period, the Series Seed Shares will be diluted pro rata with the shares of Common on a pro rata basis in the event of any issuances of equity or convertible debt securities.
Automatic Conversion:	The Series Seed Shares will automatically convert into shares of Common at the then applicable conversion ratio upon the consummation of a public offering of the Company with aggregate gross offering proceeds of \$30,000,000 and an issuance price equal to two (2) times the Original Issue Price.
Management; Board of Directors:	The Founder will serve as the President and Chief Executive Officer of the Company and will be responsible for management and day to day operations, reporting the Company’s Board of Directors. The Board initially will consist of two directors elected by the Founder and one director elected by the Investor. The Founder may expand the size of the Board at her discretion, but shall not eliminate the Investor’s Board seat or remove him or his designee from the Board.
Voting Rights:	The Series Seed Shares will vote together with the shares of Common on all matters on an as-converted basis. Approval of a majority of the Series Seed Shares will be required to (i) adversely change rights of the Series Seed Shares; (ii) change the authorized number of shares; (iii) authorize a new series of Preferred Stock having rights senior to or on parity with the Series Seed Shares; (iv) redeem or repurchase any shares (other than pursuant to the Company’s right of repurchase at original cost); (v) declare or pay any dividend; or (vi) liquidate or dissolve, including any change of control. A detailed voting agreement between Founder and Investor will set forth provisions relating to Founder’s retention of control.
Financial Information:	The Investor will receive standard information and inspection rights.
Participation Right:	Until the end of the Subsequent Period, the Investor will have the right to participate on a pro rata basis in subsequent issuances of equity or convertible debt securities.
Confidentiality:	Without the consent of the Investor, the Company will not disclose these terms to anyone other than officers, directors, key service providers, and future potential investors.

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[Summary of Terms signature page]

This Summary of Terms will serve as a binding document upon the execution by both parties.

  
Brittany Rawlings

  
Lawrence Salameo





Brittany Rawlings &lt;fashionbosses@gmail.com&gt;

**RE: Follow Up: Penny Black**

1 message

**Lawrence C. Salameno** <LSalameno@permal.com>  
To: Brittany Rawlings <brittany@fashionboss.com>

Fri, Aug 9, 2013 at 5:40 PM

Thanks!! You too.

Sent with Good ([www.good.com](http://www.good.com))

-----Original Message-----

**From:** Brittany Rawlings [[brittany@fashionboss.com](mailto:brittany@fashionboss.com)]  
**Sent:** Friday, August 09, 2013 09:40 PM GMT Standard Time  
**To:** Lawrence C. Salameno  
**Subject:** Re: Follow Up: Penny Black

Thank you, Mr. Salameno.

Hello Daisy,

Thank you for your quick response. The wiring instructions are as follows:

Name: Fashionboss  
Bank: Wells Fargo  
Routing: 063107513  
Account: 1559926512

Please let me know when transferred so I can confirm receipt of the same. Thank you.

Hope you both have a great weekend too! :)

Warm Regards,

Brittany Rawlings

Founder/ Fashion Lawyer/ Fashion Designer

**FASHIONBOSS**

E | [Brittany@fashionboss.com](mailto:Brittany@fashionboss.com)  
O | (917) 647-4599  
C | (239) 293-4391  
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**From:** Larry Salameno <[lsalameno@permal.com](mailto:lsalameno@permal.com)>  
**Date:** Friday, August 9, 2013 4:31 PM  
**To:** Brittany Rawlings <[brittany@fashionboss.com](mailto:brittany@fashionboss.com)>  
**Subject:** RE: Follow Up: Penny Black

Dear Brittany,

Hope all is well and thanks for your email. It was nice seeing you on Tuesday. Would you be kind enough to send me your wire instructions.

Have a great weekend.

Daisy for Larry Salameno

**From:** Brittany Rawlings [<mailto:brittany@fashionboss.com>]  
**Sent:** Thursday, August 08, 2013 6:53 PM  
**To:** Lawrence C. Salameno  
**Cc:** Charles Salameno; James Barry  
**Subject:** Follow Up: Penny Black

Dear Mr. Salameno,

Thank you very much for having me at your home on Tuesday to discuss Fashionboss and for the second milestone of \$100,000. I am so grateful for Penny Black's support.

Please let me know if you would prefer to wire, mail, or have me come to your home to receive September's check.

I also wanted to update you on my meetings yesterday:

I met with the Council of Fashion Designers of America (CFDA), and Manufacture NY Inc., a huge warehouse where our customers could not only take our educational lessons in person, but also manufacture their fashion in this shared workspace. Both meetings went well and we are scheduling follow-up meetings to further discuss these partnerships. With both partnerships, an additional goal is to create a customized web page where both business's online traffic will be directed to Fashionboss's website for educational needs.

Lastly, I will be engaging the web developer, Kremsa, this week after we finalize this cost negotiation.

Thank you very much!

Warm Regards,

**Brittany Rawlings**

Founder/ Fashion Lawyer/ Fashion Designer

**FASHIONBOSS**

E | [Brittany@fashionboss.com](mailto:Brittany@fashionboss.com)  
O | (917) 647-4599  
C | (239) 293-4391  
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Brittany Rawlings &lt;br@brawlings.com&gt;

4/23/2013 10:38 PM

Hello

To Larry Salameno <lsalameno@permal.com> • James Barry <jbarry@pennyblackllc.com> •  
Charles Salameno <csalameno@pennyblackllc.com>

Dear Mr. Salameno, Jim and Charles:

I hope this note finds you all well. Just wanted to send a little update. I will be depositing the check for \$50,000 in the fashionboss checking account shortly- there was a delay in the account creation because I needed to move my law office operating and trust accounts to a separate bank to avoid any attorney ethical regulation issues because Fashionboss could be considered a "law-related activity".

With the first use of funds, I will have a lawyer review the legal documents to send to you. (\$500,000 for 33%)

With the help of Jim, we hope to find a cost-efficient web developer to build out an educational platform site that will be able to support video lectures and other virtual educational tools.

I am currently working on the graphic design of this educational platform (look and feel) - I have a strong vision for how FashionBoss will look and feel to its users but please, by all means, feel free to recommend any websites that have come across that you feel are good looking and intuitive and should be considered a good model for inspiration.

My next steps includes finding an editor to review our content for finalization.

The application for the ABA's certification program is also on the "to-do" list.

Last note, I would love to hear anyone's thoughts about the Bravo TV opportunity: It is a docu-drama about six young women who are entrepreneurs in nyc- four of them are in the fashion business. I have not made any decisions regarding whether to participate in the project; however, I can see how naturally FASHIONBOSS could be applied to many of their situations. It has been fully funded by Bravo and they would start filming end of July for approx 5 weeks through fashion week. This would, on one hand, be a free marketing platform, and on the other, a distraction two days a week and a total headache and after all - it's reality TV. As your Partner, your input on this subject expressing any and all concerns will be paramount to any related decision about whether to participate.

Thank you all very much - I'm so excited to move forward with Penny Black.

BRITTANY RAWLINGS, Esq.



The Law Firm of Brittany Rawlings, P.A.

Fashion Lawyer & Corporate Litigator

E | [br@brawlings.com](mailto:br@brawlings.com)

C | (239) 293-4391

O | (917) 647-4599

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- A35842D4-CDDE-49CB-A01E-112678186154[29].png (22 KB)

[Print](#) | [Close Window](#)**Subject:** Re: Following up: draft term sheet**From:** Charles Salameno <csalameno@pennyblackllc.com>**Date:** Mon, Jun 03, 2013 8:38 pm**To:** Brittany Rawlings <br@brawlings.com>**Cc:** James Barry <jbarry@pennyblackllc.com>, Larry Salameno <lsalameno@permal.com>

Great

Sent from my iPhone

On Jun 3, 2013, at 11:36 AM, Brittany Rawlings &lt;br@brawlings.com&gt; wrote:

Hi Jim,

Hope you had a nice weekend! I wanted to follow up on scheduling a time this week to finalize the draft term sheet. I feel confident that Fashionboss has finally found the right web development team for the project and that Penny Black will agree with my assessment. Their initial proposal is within my estimated use of funds for the web design & development budget. I am, however, negotiating the cost and payment schedule with the company and will have an update to the milestone section of the term sheet hopefully soon.

Thank you so much again for all of your advice and for connecting me with your web contacts so that I could make the best informed decision.

Looking forward to finalizing our partnership this week and updating Penny Black on this web team!!! :)

BRITTANY RAWLINGS, Esq.

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The Law Firm of Brittany Rawlings, P.A.

Fashion Lawyer &amp; Corporate Litigator

E | [br@brawlings.com](mailto:br@brawlings.com)

C | (239) 293-4391

O | (917) 647-4599

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**From:** James Barry <jbarry@pennyblackllc.com>**Date:** Tuesday, May 28, 2013 3:55 PM**To:** Brittany Rawlings <br@brawlings.com>**Subject:** Re: Following up: draft term sheet

Will do

On May 28, 2013 3:54 PM, "Brittany Rawlings Esq." &lt;br@brawlings.com&gt; wrote:

Great. Thanks. Just let me know when a phone call would be good for you.

Brittany Rawlings Esq.

On May 28, 2013, at 3:50 PM, James Barry &lt;jbarry@pennyblackllc.com&gt; wrote:

I did and yes we should schedule something. You dont have to come up unless you already were planning to be here.

On May 28, 2013 3:46 PM, "Brittany Rawlings Esq." &lt;br@brawlings.com&gt; wrote:

Hi Jim,

I forgot to ask you this morning if you received term sheet I emailed last week and if you wanted to schedule a time to go over any edits you may have.

Thanks again for everything!

Brittany Rawlings Esq.

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